

April 26, 2011

Mr. Don Herz  
Finance Director  
City of Lincoln  
555 South 10th Street  
Lincoln, Nebraska 68508

Dear Don:

This letter serves to document our desire to continue to provide professional services to the City of Lincoln. We are excited to have the opportunity to continue to serve you as your independent accountants through a four-year extension as outlined in the request for proposals specification No 07-139.

**Scope of Services and Related Fees**

Our comprehensive fee to perform the services requested for the years ending August 31, 2011, 2012, 2013 and 2014, is as follows:

	<u>Current</u>	<u>Anticipated</u>			
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<i>City of Lincoln ~ CAFR</i>	\$ 82,900	\$ 65,000	\$ 66,545	\$ 68,250	\$ 69,950
<i>Single Audit - 3 program base beginning 2011</i>		19,000	19,500	19,950	20,450
<i>Water &amp; Wastewater Systems</i>	37,800	38,300	39,275	40,250	41,250
<i>Emergency Medical Services Fund</i>	10,200	10,300	10,575	10,840	11,100
<i>Solid Waste Management Fund</i>	8,900	9,000	9,225	9,460	9,700
<i>Parking System</i>	7,800	7,900	8,100	8,300	8,500
<i>Community Health Permanent Endowment Fund</i>	10,400	10,500	10,780	11,050	11,350
	<u>\$158,000</u>	<u>\$ 160,000</u>	<u>\$164,000</u>	<u>\$168,100</u>	<u>\$172,300</u>
		1.27%	2.50%	2.50%	2.50%

<u>Additional Services:</u>	<u>Current</u>	<u>Anticipated</u>
	<u>2010</u>	<u>2011-2014</u>
<i>Single Audit - per program over base</i>	\$ 5,000	\$ 4,000
<i>Bond Offering Review</i>	\$ 3,250	\$ 3,350
<i>Solid Waste Title 132</i>	\$ 750	\$ 750

Our fees are based primarily on the complexity of the work and the amount of time required. Our estimate is based on our understanding of your present internal control policies and procedures and our expectation of continued assistance from your personnel. Our fees may increase if our duties or responsibilities change because of new rules, regulations, accounting or auditing standards. We will consult with you should this happen.

Annually, the terms of our engagement will be documented in a separate letter to be signed by the City of Lincoln and BKD.

*Our Commitment to the City of Lincoln*

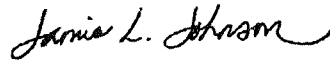
Your personnel know the level of unmatched service and personal attention you have received throughout our relationship. We do not take our past relationship for granted and will continue to enhance our service delivery to the City of Lincoln.

We look forward to working with the City of Lincoln and welcome this opportunity to continue providing professional services as your independent accountants. If you have any additional questions about the information contained in this letter, you may reach us at #402.473.7600.

Sincerely,



Roger J. Watton, CPA  
Partner



Jamie L. Johnson, CPA  
Manager

Approved:

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Chris Beutler, Mayor  
City of Lincoln, Nebraska